



**“Feeding the hungry, improving nutrition, elevating living standards, narrowing the gap between the haves and the have-nots: these are all goals that the world shares. We have come to Sacramento out of a moral imperative, not to excuse inaction but to find solutions...”**



**ANN M. VENEMAN**

Secretary of Agriculture  
Sacramento, California, June 23, 2003

▼ SEE BIOTECH ON PAGE 6

## Agency to Manage U.S. Volunteers For Prosperity

Thousands of American doctors, bankers, engineers, and other skilled people are expected to be sent overseas under the Volunteers for Prosperity initiative, a new USAID-managed program that begins in July 2003.

The presidential initiative, announced May 21 by President Bush, differs from the

▼ SEE VOLUNTEERS ON PAGE 15

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## 52 Countries Agree to Prepare Iraq Aid Plan

Fifty-two countries met at the United Nations June 24 and agreed to join the aid effort in Iraq, as U.S. assistance increased in June—rebuilding bridges, opening ports, fixing electricity, setting up local governments, and aiding education, health, and agriculture.

“There was general agreement that petroleum income will not be sufficient to cover Iraq’s reconstruction needs over the next few years, making such donor assistance essential,” according to a statement by the host of the meeting, the U.N. Development Program (UNDP).

Donor countries, U.N. agencies, the World Bank, International Monetary Fund, and NGOs attending the meeting decided that a donor conference will be held around October to address long-term reconstruction issues.

The United States, the European Union, Japan, and the United Arab Emirates will plan the conference.

Some donor countries appeared ready to contribute to an Iraq Development Fund set up by the U.S.-led Coalition Provisional

Authority (CPA), but others said they might set up a separate multilateral donor fund.

Although some participating nations had opposed military action in Iraq, the meeting was a benchmark, showing willingness by all sides to work to restore Iraq’s economy and society.

“After a war that divided the U.N...there was a binding of the hearts—an extraordinary meeting of minds,” said Mark Malloch Brown, UNDP chairman and host of the conference.

Iraqi representatives from several ministries spoke at the meeting—the first time they had left Iraq to represent the post-Saddam government.

“Thanks to the liberation there is a great feeling that we are joining the free world,” said Nasreem Sidek Barwari, Regional Minister for Reconstruction and Development.

“We will go back with great hopes and tell our people” about the international support voiced for Iraq, she said.

Akila Al Hashimi of the Iraq Foreign Ministry said, “We felt like we were

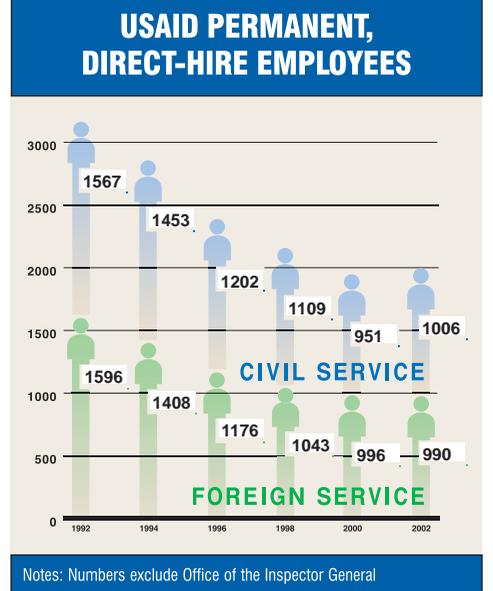
▼ SEE IRAQ AID PLAN ON PAGE 9

### REBUILDING THE KABUL-KANDAHAR HIGHWAY IN AFGHANISTAN



Craig Buck, USAID

The first layer of asphalt is laid down on Afghanistan’s Kabul-Kandahar highway. Five separate teams of men and machines are working to complete the project by the end of the year.



## Afghan Highway Paving Begins

**KABUL, Afghanistan**—The black ribbon of steaming asphalt stretched toward the horizon on July 1, as workers contended with 100 degree heat, land mines, and the ever present danger of attacks to lay the first pavement on the 389 kilometers of road between Kabul and Kandahar that the United States has committed to complete.

Five construction firms from the United States, Turkey, and India, in joint ventures with Afghan firms, have contracts to repair and pave segments of road by December 31. In September 2002, President Bush announced that the United States would undertake reconstruction of the key Kabul-Herat Highway.

The Kabul-Kandahar segment is about one half of the total distance to be reconstructed. Some 600 Afghans are employed on the job.

They are using heavy equipment that was flown in to shorten the time needed to ship equipment by sea and overland. Each firm is expected to pave just under one kilometer of road per day.

“Security on the road is definitely an issue, and dealing with it effectively will determine if we can meet the deadline,” said Deputy Administrator Fred Schieck, who recently visited Afghanistan.

The U.S. engineering firm with overall responsibility for the job, Louis Berger Inc.,

▼ SEE AFGHAN HIGHWAY ON PAGE 5

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# Microservices Help the Poor Pull Themselves Up

Each year, millions of people receive business services and small loans through USAID's microenterprise programs.

When microenterprise pioneers offered loans as small as \$50 to poor people who had never had access to credit from banks, they turned out to be excellent credit risks, especially when given help with marketing and technology.

Programs may also offer business advice, market links, and savings accounts.

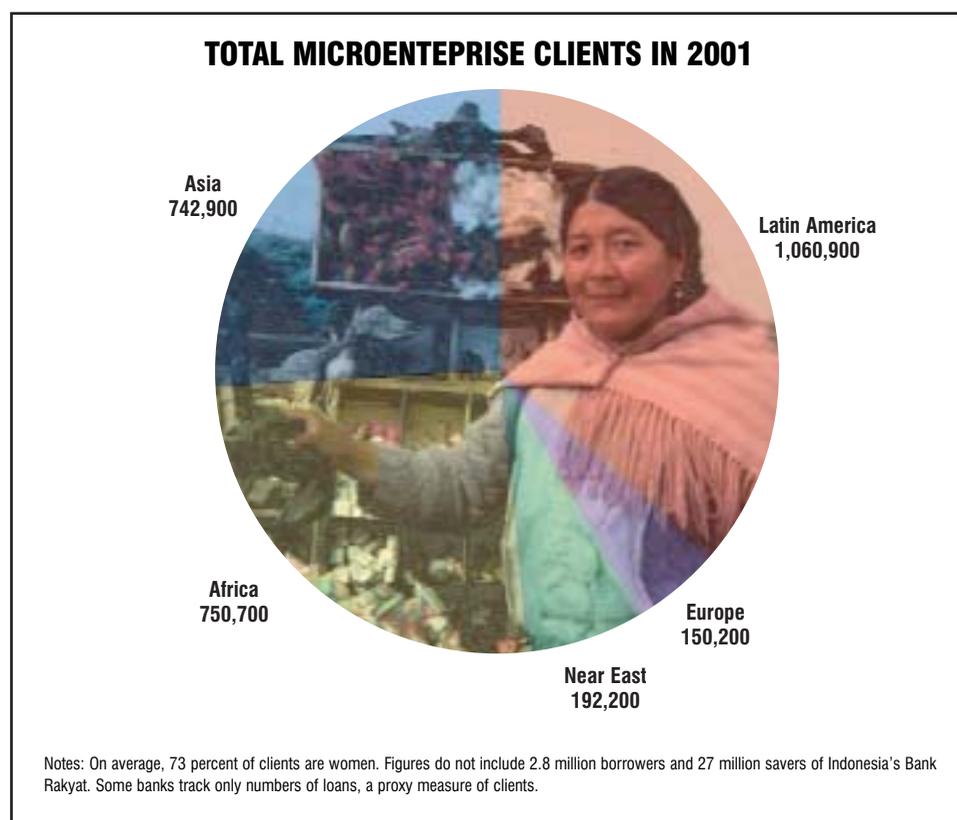
For example, the USAID-supported Bangladesh Rural Advancement Committee—which says it is the world's largest NGO—not only lends money to buy chickens. It sells appropriate varieties of birds and chicken feed, provides training on keeping the birds healthy, and provides a marketing system for eggs. Loans for handicrafts also include marketing assistance and training in spinning, weaving, and dyeing.

More than 70 percent of microloans have gone to women.

More than 98 percent of borrowers have managed to repay their loans on time—a rate far higher than in commercial lending.

Studies have shown that microenterprises receiving support increase productivity, profit, and growth. Owners are able to save more, their families eat better, and their children are more likely to attend school. Yet the number of people served by microenterprise programs worldwide is less than 10 percent of those who could benefit from them.

In June, President Bush signed a microenterprise assistance bill (H.R. 192) that sets a



combined \$375 million funding target for FY 2003 and FY 2004.

USAID's microenterprise program in the Bureau for Economic Growth, Agriculture and Trade works to improve the business climate for very small, informal businesses and the microenterprise institutions that serve them.

"We need to keep pushing the frontiers

to find ways to innovate—to reach deeper and further to poorer clients while retaining a focus on sustainability," said Kate McKee, director of USAID's microenterprise division.

In poorer, rural areas, access to credit is not enough to raise incomes without market access, better roads, or other improvements.

In Bolivia, microfinance increased the

number of borrowers from 195,000 to 616,000 between 1990 and 2000. Savers increased from 460,000 to 1.4 million.

As microfinance proved successful—with loans being fully repaid on time—commercial banks are getting into the business, especially when donors such as USAID share the risk and help train their staffs.

"Microentrepreneurs" are defined as self-employed, poor people who employ up to 10 other people, often unpaid family members.

Microentrepreneurs can do reasonably well in sectors such as handicrafts and agricultural produce, particularly if they join associations for better leverage with suppliers and buyers.

The new bill requires that at least half of all microenterprise assistance be targeted to the "very poor," defined as the poorest 50 percent of people living below a country's poverty line—or those who live on less than \$1 a day. ★

[www.usaid.gov](http://www.usaid.gov): keyword *microenterprise*

## MICROENTERPRISE IN HAITI

Helping a microenterprise can also mean teaching people to read. In Haiti, one USAID-sponsored program helped a woman increase sales of fruits and vegetables in Port-au-Prince—as well as shoes and other items she sold in her home village—by teaching her to read. See full story on page 10.

## Moroccan Microlender Helped Out When Banks Shunned Microloans

**RABAT, Morocco**—When USAID and the Moroccan Ministry of Industry started working together in the 1990s to assist microenterprises, only banks could make loans, choking off other sources of funds for micro and small businesses.

The government changed the law in 1995 with technical assistance from USAID. By 2002, the Moroccan microfinance sector was described as "young and dynamic" by the independent rating agency PlaNet Finance.

One of the strongest of the microlending groups is Al Amana, which targets customers who cannot secure a loan from a commercial bank.

In 2002, Al Amana made more than 115,000 loans; 54 percent of them went to women. Since the fund started in 1997, it has made 376,714 loans to microentrepreneurs.

The loans—ranging from \$100 to \$1,000—are used to purchase materials such as wool, leather, or small machinery. The average loan is repaid in four to nine months and the repayment rate is 99.6 percent.



Fatima El Bori, mother of seven children, owns a mini grocery store in Rabat. With funds borrowed from Al Amana, she doubled her stock of bottled gas for cooking. Now her customers do not have to shop elsewhere.

USAID helped launch Al Amana in 1997, providing seed capital and training to its staff. Recently, USAID guaranteed a \$1 million commercial loan that allowed Al Amana to make approximately 2,800 additional loans.

The microcredit sector has grown competitive in Morocco, so Al Amana is developing new products. It will offer loans for housing as soon as the government amends the microfinance law to allow it.

Given the strength of the organization, its excellent repayment rate, and high volume of loans, Al Amana is expected to grow with minimal donor assistance. ★

[www.alamana.org](http://www.alamana.org).

## Microenterprise Program Aided Azerbaijan's Farm Animals

**BAKU, Azerbaijan**—Because rural families in Azerbaijan could no longer pay veterinarians after the Soviet system collapsed, their chickens, cows, and sheep were catching and spreading diseases.

At market time, almost half of the animals they raised were being rejected by the state animal health board, forcing farmers to sell at low prices in the informal market. And veterinarians were quitting the business because they couldn't make a living providing occasional emergency care.

USAID's microenterprise program financed a plan for villagers in one region, most of them women, to buy what amounts to affordable healthcare for their livestock. In exchange for a monthly fee, paid jointly by all livestock producers in a village, veterinarians agreed to provide monthly, preventive care to their animals. Now, if a disease strikes, a quick response can prevent the spread from one barn and village to another.

So they can be alerted immediately, some veterinarians are giving villagers cellphones. These vets usually can make a diagnosis over the phone, arrange the necessary drugs for treatment, and save themselves an additional trip to very remote destinations.

The program expects to enroll 4,100 farmers and 54 veterinarians within three years. ★

[www.usaid.gov](http://www.usaid.gov): keyword *Azerbaijan*



Mercy Corps, Azerbaijan

A veterinarian cares for a cow. Villages employ one veterinarian to care for their chickens and other livestock in exchange for a flat fee paid by livestock owners, a scheme developed through a USAID microenterprise grant. This is an example of a business development service that structures business services so that microentrepreneurs can afford them.

## FIRST PERSON



**“It was incredible....When I started hearing, for the first time again after so many years, how the birds were singing in the woods and the grass was rustling, I started crying.”**

NADEJDA DEMINA

Nadejda Demina received a hearing aid from the Hearing Protection Center in Balti, the second largest city in Moldova. She lost her hearing in 1944 from being too close to heavy artillery and gunfire when she served on the frontlines during World War II.

The Hearing Protection Center and the Moldovan Children's Audiology Foundation were established with the assistance of Dr. Greg Spirakis and his wife, audiologists who have traveled to Moldova many times to treat hearing-impaired children. The center received neurology equipment, medical supplies, and furniture through USAID, the State Department, and Lakeland, Florida, a sister city to Balti.

[www.usaid.gov](http://www.usaid.gov): keyword *Moldova*

## Notes from Natsios

★★★★★★★★



### MY VISIT TO IRAQ

I've just been to Iraq, where I visited six cities in six days, met privately with the President's envoy, Ambassador Jerry Bremer, and saw the challenges our people and the Iraqis are tackling in very difficult circumstances.

It was 124 degrees in Basra when I was there, and I was told summer had not yet arrived. Yet USAID and other American civilian and military staff and contractors work in non-air conditioned offices up to 16 hours a day.

We are doing our job and I am very proud of USAID.

At our first stop, the port of Umm Qasr, I saw our infrastructure contractor dredging the port for the first time in 14 years, removing sunken ships and bombs left over from several wars. I formally opened the port for commercial use, and that day three commercial ships docked. But security problems forced us to hire a private Iraqi guard force.

Baath Party stalwarts and criminal gangs are trying to undermine our reconstruction work. Nevertheless, USAID has helped to restore the food distribution system, support town councils, clean up garbage in Baghdad's slums, and restore electricity in many cities.

Unfortunately, looting and vandalism have rendered all 14 sewage plants in the country nonfunctional and have downed more than 50 electric power towers.

I saw one of the mass graves USAID is helping Iraqis to locate and excavate. Up to 350,000 Shiites may have been killed after 1991.

I was able to visit projects funded by the United States aimed at improving the lives of Iraqis: a school refurbished by our contractors, a hospital where aid has improved health care, and a water plant in the region of the Marsh Arabs.

Even our efforts to create Iraq's first grassroots self-government councils are paying off as people begin to take charge of their own affairs.

Polls show 63 percent of Iraqis want a "technocrat" for a leader—not a cleric. And a majority want American forces to stay until elections are held.

In the Kurdish regions of the north, I visited Arbil, where life has faced little disruption since 1991. But there, too, people are reliving tragedy and digging up an estimated 182,000 people killed by Saddam Hussein's regime in the infamous Anfal campaign in the 1980s.

This was not merely an authoritarian regime. It was like Stalin or the Nazis—totalitarian. The country was one big prison.

USAID staff and contractors are playing an increasingly important and visible role in the country, supporting Ambassador Bremer.

I am very, very proud of what we are doing in Iraq. ★

## Mission of the Month

### PHILIPPINES

#### The Challenge

In spite of its rich natural resources, the island of Mindanao, once known as the "Land of Promise," is the poorest region in the Philippines. Unequal access to land and natural resources, poor public services, and poverty contribute to the long-standing conflict between Muslim separatist rebels and the Philippine government that is undermining both national and international stability.

#### Innovative USAID Response

After the 1996 peace agreement between the Philippine government and the Moro National Liberation Front (MNLF), 25,000 MNLF fighters—some of whom had fought and lived in the hills for 20 years—had to learn how to make a living in peacetime. USAID started working with ex-combatants, providing training, equipment, technical support, and marketing assistance. In response to the escalating conflict in 2000, USAID refocused and integrated its programs to target underlying problems of economic, political, and social development.

The mission received an additional \$20 million for its Mindanao program when links were discovered after September 11, 2001, between Al Qaeda, Mindanao bandits, and the extreme fringe of a second rebel group, the MILF.

With an integrated strategy already in place, the mission worked swiftly to implement a broad new program.

Since economic growth would support the peace process, the mission targeted the poverty, joblessness, and marginalization in Mindanao that can motivate people to turn—or return—to violence.

After 1996, USAID helped more than 16,000 former MNLF fighters become corn, rice, or seaweed farmers. Some 90 percent of these "graduates" continue to farm successfully. The goal is to help another 9,000 ex-fighters in the coming years.

USAID built infrastructure, such as solar-generated electricity for villages, and helps organizations such as the Muslim Business Forum to improve the business climate. And because many in Mindanao depend on microenterprise, USAID shows banks and credit unions how to provide small loans that increase economic activity profitably.

The Agency is helping people resolve conflicts peacefully. This includes resolving commercial and family disputes through a mediation service that increases the chances of getting a fair hearing, and it improves the court system's efficiency by reducing its caseload. USAID also trains local officials to avoid corruption, especially in their enforcement of environmental regulations.

Unfortunately, Mindanao's growing population worsens the island's economic, environmental, social, and health problems. So USAID works with community and religious leaders to make quality family planning not just affordable, but socially acceptable.

The mission also helps the private and public sectors combat health problems such as tuberculosis, vitamin A



*Moro National Liberation Front women harvesting seaweed. They are former combatants who are receiving assistance through a USAID program aimed at helping them become commercial seaweed growers.*

deficiencies, and HIV/AIDS.

#### Results

The growing atmosphere of trust and stability in Mindanao have had tangible benefits. One very good sign is that the MNLF has stayed the peace course and refrained from violence.

"USAID's programs have made a difference—now we have something to lose," said MNLF Interim Chairman Hassan.

Mission Director Mike Yates said: "It is only through working with our outstanding partners in the Autonomous Region of Muslim Mindanao, local and national governments, and communities that we have achieved—and will continue to achieve—real progress in Mindanao. Our experience here illustrates how development assistance can help build a foundation for peace and prosperity." ★

[www.usaid.gov](http://www.usaid.gov): keyword *Philippines*

# Afghanistan's First Independent Radio Station Hits the Air with Women Disc Jockeys

**KABUL, Afghanistan**—Since late May, Kabul's first independent FM radio station increased its airing of music, news, and talk shows to 24 hours a day.

Early in 2003, USAID provided equipment and logistical assistance to Moby Capital Brothers to help start Arman (Hope) FM. Moby Capital matched USAID's funds, and the station went on the air April 16.

For more than 70 years, the government ran radio broadcasting in Afghanistan. Arman is the first private commercial radio station to hit the airwaves.

The primary station in Kabul has been government-run Radio Afghanistan, which broadcasts on AM and FM. International broadcasters transmit on FM in Kabul, including the Voice of America, Radio Free Afghanistan, and the BBC.

Arman's initial focus is to win listeners with music and entertainment. In coming months, the station will increase news and information programming.

Arman broadcasts throughout Kabul Province. Surveys show that 80 percent of radio listeners are tuning in.

The station has been receiving more than 5,000 letters and calls per week. Feedback is overwhelmingly positive: less than 5 percent of calls and letters have been critical, mainly complaining of too much music, too little music, or too many women on the air. One survey found that negative publicity by fundamentalists increased the number of

listeners, who are curious to hear what all the fuss is about.

The staff was trained through USAID-funded organizations. It now numbers more than 25, including eight women. Almost all shows are cohosted by women disc jockeys, who banter back and forth on the air with listeners and male colleagues.

This is a big step forward for Afghanistan. Under Taliban rule, women were not allowed to work, go to school, speak on the radio, or show their faces on television.

In an effort to appease fundamentalists, the station brought in such well-respected Afghans as Qazi Khaled, an ex-judge well versed in Islam, to be one of the station's key spokespersons.

"The establishment of this station was a priority for us," said Saad Mohseni, Arman director. "Reconstruction in our country can only occur through the private sector, and this station is a reflection of Afghanistan's fast-developing private sector. In addition to providing our nation with a new voice, our radio station is also able to produce shows and advertisements and is able to record new artists."

Of the \$671 million that USAID has provided Afghanistan since September 2001 for infrastructure, agriculture, health, education, governance, and humanitarian needs, approximately \$6 million supported media development. ★

[www.usaid.gov](http://www.usaid.gov): keyword *Afghan media*



Deborah Alexander, USAID

*Arman, the first private commercial radio station in Kabul, offers broadcasts cohosted by women disc jockeys. USAID provided equipment, logistical assistance, and a matching grant to get the station on the air.*

# South African Workers in Black Economic Empowerment Companies Get Literacy Aid

**JOHANNESBURG, South Africa**—One of the most successful manufacturers of electrical transformers in Africa sent all 222 of its staff members to adult basic education and literacy classes through a USAID-supported program: South African International Business Linkages (SAIBL).

Tebogo Kenneth Molete, 51, who suffered for many years from poverty and apartheid, is now the business development director of the Desta Power Matla factory. He challenged USAID to offer literacy training to his employees.

SAIBL specializes in training and technical assistance for businesses that are run chiefly by and with historically disadvantaged South Africans.

"USAID through SAIBL arranges training and assistance for developing business plans, obtaining industry standard qualifications and accreditation, and learning how to market," said SAIBL's Business Development Officer Peter Mwanza. "But Mr. Molete's request to organize literacy courses was a first for us. We saw the merit of his concept and supported the training."

Though literacy isn't often associated with workplace training, Molete said "Uplifting the literacy and skills levels of employees



Reverie Zurba, USAID

*Kenneth Molete at the Desta Power Matla factory, where employees are receiving literacy training.*

builds a business's foundation."

"I am passionate about education," said Molete, who grew up in a Soweto home without electricity. As a child, he sold oranges, apples, and peanuts in trains and at stations to help pay for his education. He eventually earned several degrees from the

universities of Cape Town and South Africa. He also faced detention without trial as punishment for his political beliefs. "I didn't think I'd live to see age 30," he recalled.

Established in 1953 and restructured in 1999, Desta Power Matla serves 350 clients that range from municipalities and shopping

centers to small contractors.

"We don't give businesses a handout and spoonfeed them," Mwanza said. "We want them to maintain their operations after the lifespan of SAIBL, so we give a springboard for clients to invest in their own companies."

Molete said that SAIBL not only helped train his staff and provide computer literacy for management development, but is working with his company to market Desta's line.

"SAIBL helps blacks overcome huge obstacles in finance and education," he said.

Most black economic empowerment companies (BEEs) are caught in a debt trap and regularly "bite the dust," said Molete. He suggested that financing and funding clauses are too restrictive: they need to be tailored to enable BEEs to gain and sustain capital for their operations.

SAIBL is administered in South Africa by Ebony Consulting International, which is managed by the Corporate Council on Africa. SAIBL is USAID's five-year, \$4.6 million business linkages program that has, so far, facilitated transactions in South Africa worth more than \$141 million. ★

By Reverie Zurba, USAID/South Africa.

[www.usaid.gov](http://www.usaid.gov): keyword *South Africa*

**\$3 Billion in Aid for Pakistan**

President Bush announced on June 24 a five-year, \$3 billion aid package for Pakistan after a meeting with President Pervez Musharraf at Camp David.

"I will work with the United States Congress on a \$3 billion economic assistance package to help advance security and economic opportunity for Pakistani citizens," said Bush, who also noted that he will sign a trade and investment framework deal with Pakistan. The White House said the package would provide for annual installments of \$600 million. Bush also asked for \$120 million in fiscal year 2004 for Pakistan in development assistance, health, law enforcement, and other programs.

Musharraf told reporters after the summit that he might be willing to establish relations with Israel, especially if it reaches a peace deal with the Palestinians.

[www.usaid.gov](http://www.usaid.gov): keyword *Pakistan*

**Committee Approves MCA**

The House International Relations Committee approved on June 12 President Bush's plan for a Millennium Challenge Account that would dramatically increase U.S. foreign aid by \$5 billion a year by 2006. The present annual amount of foreign aid is about \$10 billion. In a 31 to 4 vote, the committee approved the bill. The bill would create a Millennium Challenge Corporation, chaired by the Secretary of State, to oversee the additional \$1.3 billion in foreign aid in 2004, \$3 billion in 2005, and \$5 billion per year by 2006.

Aid would only go to countries that fight corruption, invest in health and education, and move toward free markets.

The MCA funding will not replace USAID's foreign aid responsibilities, which will remain focused on development and humanitarian aid and assistance to countries needing help to receive MCA funding.

Committee Chairman Henry Hyde (R-Illinois) said the Millennium Challenge Account was a "revolutionary idea that countries are responsible for their actions...and must show results" for aid they receive.

[www.usaid.gov](http://www.usaid.gov): keyword *MCA*

**Aid Workers Stranded in Liberia**

Up to 100 foreign aid workers were trapped in the U.S. Embassy in Monrovia June 28 awaiting evacuation. As fighting ebbed that weekend, they began to treat the wounded.

In Monrovia's diplomatic quarter, workers from Médecins Sans Frontières (Doctors without Borders) set up long white tents to treat thousands of people who fled to the city center during two rebel assaults that killed about 700 people. Workers set up tents on blocks in the mud so victims of bullet wounds, diarrhea, and cholera could be treated.

But before rebel forces withdrew from the city, one trapped aid worker told the *Guardian* "While the U.N...[wastes time] looking for safe-passage guarantees from every side, we're having to work out how to save ourselves."

Four U.N. helicopters were awaiting permission to fly from Freetown, Sierra Leone's capital, despite a blinding tropical storm throughout the day.

Heavy artillery and small-arms fire pounded Monrovia as a four-day battle degenerated into scenes of random violence and widespread looting by the army of Liberia's besieged President Charles Taylor, now an indicted war criminal.

As the rebel Liberians United for Reconciliation and Democracy (LURD) redoubled its attack on the city's main port, residents estimated that 500 civilians had been killed in that small area of Monrovia alone.

[www.usaid.gov](http://www.usaid.gov): keyword *Liberia*

**Bush Says Aid for Africa to Continue**

Eleven days before his first trip to Africa, President Bush said that the United States would continue to help that continent fight poverty and achieve a better life.

"On the path to freedom, and with the friendship of the United States and other nations, Africa will rise, and Africa will prosper," Bush told businessmen and others at the Corporate Council on Africa's U.S.-Africa Business Summit June 26.

"This is a long-term commitment. And I know there are serious obstacles to overcome. Introducing democracy is hard in any society. It's much harder in a society torn by war, or held back by corruption...It is Africans who will overcome these problems. Yet the United States of America and other nations will stand beside them. We will work as partners in advancing the security and the health and the prosperity of the African peoples."

Bush announced that the United States will devote \$100 million over the next 15 months to help Kenya, Ethiopia, Djibouti, Uganda, and Tanzania increase counter-error efforts.

He was to visit Senegal, South Africa, Uganda, Botswana, and Nigeria.

[www.usaid.gov](http://www.usaid.gov): keyword *President in Africa*

**Food Aid for Eritrea**

The U.S. government will contribute an additional 26,000 metric tons in food assistance, valued at \$10.6 million, for the Eritrean humanitarian crisis. The new contribution, announced by Administrator Natsios, will be distributed through the World Food Program (WFP) for its emergency operation to assist victims of crop failure and drought in Eritrea. The WFP estimates that approximately 1.4 million drought-affected Eritreans will require emergency food aid totaling 290,000 metric tons in 2003.

Since the onset of the food emergency in Eritrea in 2002, the U.S. government has

pledged over 158,000 metric tons, valued at approximately \$68.7 million, through the WFP and a number of NGOs.

In 2003, USAID contributions to the Eritrean government's appeal for the drought-affected segment of the population total 144,680 metric tons, or 50 percent of the estimated food aid requirements for drought relief in 2003.

[www.usaid.gov](http://www.usaid.gov): keyword *AHC*

**Aid for Haiti Increased**

U.S. assistance to Haiti rose by \$6 million—to \$69.8 million—for fiscal year 2003. USAID continues to be the largest single donor to Haiti. U.S. support includes programs to strengthen democracy, generate income and employment for the poor, conduct health and education programs, and provide food assistance. The additional \$6 million will go toward alleviating chronic food shortages.

U.S. food aid reaches over 680,000 of Haiti's population of 7.2 million.

[www.usaid.gov](http://www.usaid.gov): keyword *Haiti*

**Sri Lankan Tigers Urged to Talk**

U.S. officials pledged \$54 million to Sri Lanka at an international conference in Tokyo where donors pledged \$4.5 billion—and the country's Tamil Tiger rebels failed to show up.

On July 1, Japan called on the Tigers to resume peace talks. The Japanese Embassy in Colombo said that its ambassador to Sri Lanka briefed the Liberation Tigers of Tamil Eelam (or LTTE) on the results of the conference and "urged the LTTE to resume peace talks with the government of Sri Lanka as expeditiously as possible."

Japan, the Asian Development Bank, the European Union, and other donors made their aid pledges conditional on the Sri Lankan government and the rebels reaching an accord to end the island's 20-year civil war, which has left 65,000 people dead.

[www.usaid.gov](http://www.usaid.gov): keyword *Sri Lanka*

## Afghan Highway Paving Begins

▲ FROM AFGHAN HIGHWAY ON PAGE 1

arranged with the Ministry of Interior to assign more than 300 police to patrol construction sites.

Security threats had halted work, but the patrols are helping. The contractors are also asking village leaders in towns along the right-of-way to help improve security.

"Demining remains a concern as well because it is an inherently slow process," Schieck said. Five teams are working, including one from South Africa that is employing state-of-the-art technology. Equipment used by this team collects air samples. Trained dogs sniff the samples and signal if they detect evidence of a mine. This system is speeding up the demining process.

By December 31, two of the planned four layers of asphalt will be in place along the entire road, making it usable for traffic.

After the winter season, the remaining asphalt will be laid, road signs erected, and road markings painted. By then, work will have begun on the Kandahar-Herat segment.

The completed road will allow people

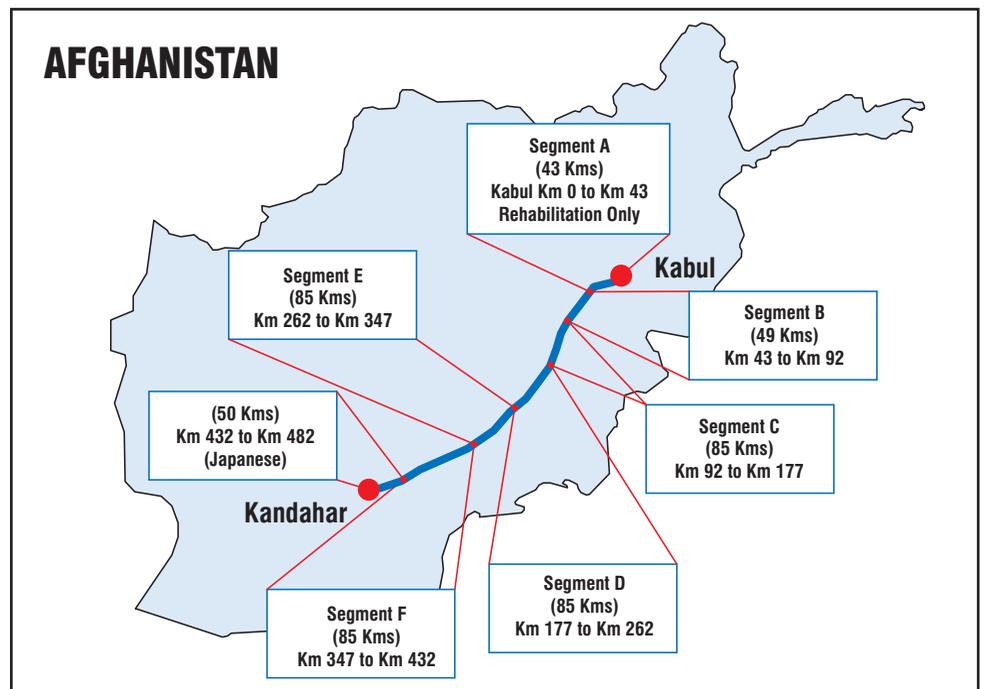


Fred Schieck, USAID

Village elders meet a USAID delegation headed by Deputy Administrator Fred Schieck. The top priority of the men gathered—most of them farmers—was repairing irrigation systems.

and goods to move through a well-populated, economically important region of the country, strengthening the economy and making life easier for those who live there. ★

[www.usaid.gov](http://www.usaid.gov): keyword *Afghan highway*



IBI—International Business Initiatives for USAID

In the first phase of the reconstruction of the Highway from Kabul to Kandahar, due for completion by December 31, five construction firms are laying down the first two layers of asphalt.

## ECONOMIC GROWTH, AGRICULTURE AND TRADE

## Sacramento Conference Tackles Biotech Food Controversy



Luigi Crespo, USAID  
Ann Veneman, Secretary of Agriculture, visits with Jacqueline Schafer, USAID Deputy Assistant Administrator of Economic Growth, Agriculture and Trade, at the Ministerial Conference and Expo on Agricultural Science and Technology. They are holding up *Improving Lives*, a publication USAID distributed at the conference.

**SACRAMENTO, Calif.**—The first high-level conference on the role of science and technology in reducing hunger and poverty in the developing world drew ministers of health, agriculture, and environment from more than 120 nations to Sacramento, California, June 23–25.

The Ministerial Conference and Expo on Agricultural Science and Technology, organized by USAID and the U.S. Department of Agriculture, included discussions about the use of “biotech” food—food that has been genetically engineered.

Biotech food, such as newly engineered varieties of corn and soybeans, are widely used in the United States and some other countries. But some European and African nations have raised concerns about food safety and environmental issues with this technology.

President Bush has urged those countries to allow such foods to be sold and consumed, in part because biotech foods can greatly increase food production by developing hardy plants resistant to drought and disease.

“The United States has identified three priorities for reducing global hunger: increasing agricultural productivity, ending famine, and improving nutrition,” Bush told the conference in a video presentation.

“Science and technology hold great promise in meeting these priorities. By combining new technology and good policy, all the nations of the world can work together to increase living standards.”

Agriculture Secretary Ann M. Veneman told reporters after the conference that there are four major areas for future work to cut hunger: solving water shortages; applying existing research to

poor areas; revitalizing research in staple crops of developing countries; and spurring governments, universities, and business to collaborate more closely.

The meeting also focused on ensuring access to technology, improving forest management, raising productivity, fighting hunger and poverty, and increasing trade capacity in the developing world.

NGOs and commercial companies set up displays showing ways to improve farm output in the developing world.

USAID Assistant Administrator for Economic Growth, Agriculture and Trade Emmy Simmons said: “We are moving forward with a focus on agricultural science and technology. We fully support the President’s commitment to end hunger in Africa.”

Outside the convention area, protesters said the conference had the sole purpose of supporting large agribusiness corporations and biotech companies. The demonstrators held their own events to emphasize organic farming methods, development of markets, and opposition to agribusiness development of biotech products.

Veneman said the conference was about feeding hungry people worldwide and biotechnology was only one issue discussed.

On the final day of the conference, there were a number of field trips to farms and agricultural research facilities in the Sacramento area. California has some of the most productive farmland in the world. Crops include oranges, rice, grapes, grains, fruits, and livestock. ★

By Harry Edwards, USAID/LPA.

[www.usaid.gov](http://www.usaid.gov): keyword ag ministerial

## GLOBAL DEVELOPMENT ALLIANCE

## Benin Farmers Learn Sunflowers Can Replace Cotton Crops

**COTONOU, Benin**—The price of cotton—a mainstay of the economy of Benin—fluctuates so widely that low prices either hurt farmers or high prices cause shortages of cottonseed for local oil processors. To address this problem, USAID is working with a private company and an NGO to introduce sunflowers as a new crop.

Fludor, a company specializing in edible oils, will invest \$838,000 to reequip its cottonseed plant in Benin to process sunflower oil for the local market.

USAID has granted Enterprise Works Worldwide \$320,000 to teach farmers how to grow sunflowers.

Each participating farmer will pledge \$120 to purchase inputs such as seed and fertilizer. Fludor will finance the inputs up front, and promises to buy the farmers’ harvests for up to three years. This represents almost a 1:4 leverage of USAID funds.

Seeds will be checked by Enterprise Works Worldwide for oil content, proportion of damaged seeds, and other attributes.

Farmers will have the opportunity to learn how to use mechanical presses that Enterprise Works Worldwide will offer for sale to make sunflower oil.

Beekeeping is another spinoff possibility for farmers. Bees attracted to sunflowers make flavorful honey.

The goal is to cultivate 2,500 hectares with sunflowers by 2006. Assuming average production of 1,000 kilograms per hectare, seed production would total 3,750 tons.

Fludor estimates that processing this

amount of seeds would be profitable. Once domestic production reaches 3,750 tons of sunflower seeds, Fludor will reequip its plant.

Enterprise Works Worldwide tested several sunflower varieties in the Atacora Department in northern Benin in 2000 and 2001. The results of tests were good, with the yield per acre averaging 1,283 kilograms. When Enterprise Works sold the sunflower oil on the local market, consumers liked it and were willing to pay the same price they do for other vegetable oils.

Farmers are very interested in growing something other than cotton. For most, cotton is a losing proposition, even when the cost of family labor is not included in the calculation. Farmers keep growing it because it is their only source of cash income.

As a crop, sunflowers offer several advantages. Unlike cotton cultivation, which is hard on soils, the plowed under remains of sunflower crops improve the soil.

Sunflower seed oil is high quality and low in saturated fats. Sunflower seedcake, a byproduct of industrial oil processing, is high in protein and a good source of animal feed.

“This private-public partnership is truly a win-win situation: a win for farmers willing to take a chance on a new crop and a win for Fludor, which can count on getting the raw material it needs. And it’s a win for the environment,” said Barbara Dickerson, USAID/Benin’s program officer. ★

[www.usaid.gov](http://www.usaid.gov): keyword Benin



USAID has granted Enterprise Works Worldwide \$320,000 to teach farmers in Benin how to grow sunflowers. Fludor is promising to buy their harvests of sunflower seeds.

## DEMOCRACY, CONFLICT AND HUMANITARIAN ASSISTANCE

## Guerillas Robbed Children of Their Childhoods

**GULU, Uganda**—After 10 harrowing years in captivity, Brenda, a 20-year-old with two children, came to the Gulu Support the Children Organization (GUSCO) in northern Uganda.

When she was 13, Brenda was given to a rebel commander of the Lord's Resistance Army (LRA) as a "wife" and beaten into submission. Seven years later, Brenda and her children escaped the LRA during an attack by the Ugandan army.

UNICEF estimates the LRA has abducted 7,000 children like Brenda since March 2002, when Uganda got permission from Sudan to pursue the LRA into southern Sudan. Since then, most of the LRA has fled back into the northern Ugandan provinces of Gulu, Kitgum, and Pader.

Child abductions, always a sinister specialty of the violent guerilla group, are now epidemic. Every night LRA forces sweep into villages and camps that house internally displaced persons to steal food and provisions and kidnap children.

While parents must stay home to protect their property, their children—called "night commuters"—flee into town to sleep in shelters, bus depots, hospital compounds, or anywhere else they can find.

Throughout the 17-year conflict, the LRA has abducted children to work and fight because they are vulnerable and easily manipulated. If children disobey or try to escape, they face death.

To drill in the consequences of a failed

escape, newly abducted children are forced to kill those who attempt to escape, often by trampling them to death.

Nevertheless, children continue to escape, either during the confusion of battle or while gathering water or firewood.

GUSCO helps children returning from captivity readjust to civilian life, providing counseling and housing for up to three months.

The organization also locates family members and prepares them for the children's return. Relatives can generally be found who will take children in, despite anger about crimes they may have been forced to commit. When such children return to their villages, they often participate in a cleansing ceremony that allows the community to forgive them.

GUSCO, established by mothers of abducted children in 1994, receives a small grant from USAID's \$15.4 million program to assist victims of conflict and torture in Uganda.

Ideally, children return to school. Others—such as Brenda—get vocational training. They are eligible for a microloan of up to \$150 so they can start earning a living.

The organization also trains volunteer counselors and teachers to support traumatized children. ★

*By Carol Jenkins, Humanitarian Response Coordinator, Bureau for Democracy, Conflict and Humanitarian Assistance, USAID/Uganda.*  
[www.usaid.gov](http://www.usaid.gov): keyword **Uganda**

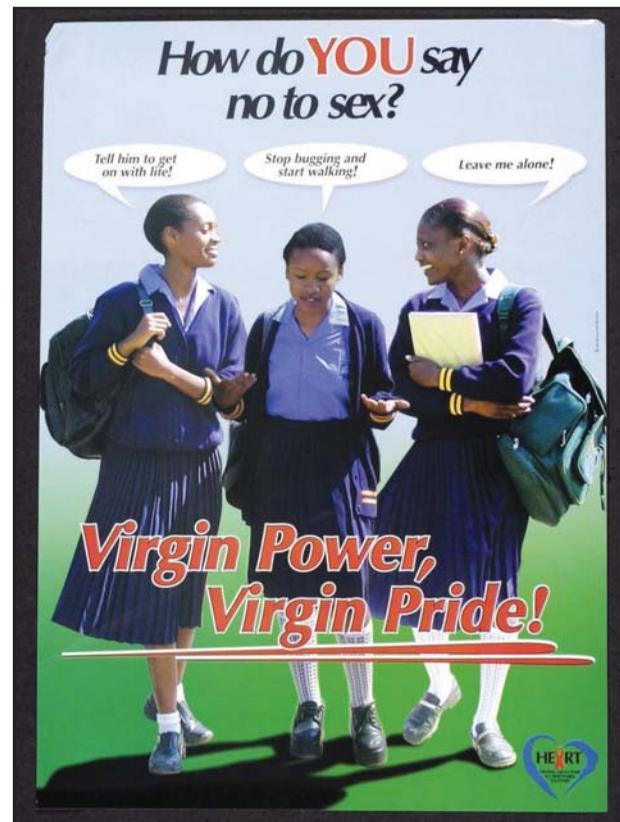


Jack Myer, USAID

*These Ugandan children were kidnapped by the violent guerilla group known as the LRA. The Gulu Support the Children Organization (GUSCO) in northern Uganda helps those who escape adjust to normal lives and return to their families.*

## GLOBAL HEALTH

## ABCs of HIV Prevention Working in Uganda, Zambia, and Nigeria



*A poster promotes abstinence, the "A" of HIV prevention.*

Uganda is one of the few countries that has successfully turned around its HIV epidemic, cutting the percentage of adults infected from 15 percent in 1991 to 5 percent in 2001, according to estimates by UNAIDS, a United Nations agency.

Many experts believe that this turnaround was due in large part to a balanced HIV prevention message of "abstinence, be faithful or use a condom." This simple phrase has become known as the ABCs of HIV prevention.

While the focus of attention is often on abstinence and condoms, some recent data suggests that being faithful may be the most important overall message. USAID research indicates the three messages reinforce one another, but the impact of each on different target audiences varies.

Administrator Natsios issued a statement that USAID's policy of fighting AIDS is to balance the ABC messages, based on local cultures and the extent of the epidemic. President Bush also emphasized the importance of the balanced ABC approach.

The ABC programs of the 2-million strong Redeemed Christian Church of God in Nigeria are among those that USAID supports. In 1998, the church developed an anti-AIDS project that sends out messages tailored to different groups.

For young people, the dominant message is abstinence, taught through posters and short skits. For couples, the message is mutual fidelity. For the population as a whole, the church developed the message "Everybody is at risk of HIV infection." Condom education is

provided for HIV-positive couples, and condoms are provided to high-risk populations.

In Zambia, the HEART (Helping Each Other Act Responsibly Together) program is helping young Zambians steer clear of HIV/AIDS. This campaign promotes HIV prevention through messages around abstinence, consistent condom use, and the fact that "you can't tell by looking" if someone has HIV.

One television spot endorses virginity and cautions young women to be wary of men's efforts to seduce them. Another spot portrays a young man who contracts a sexually transmitted infection as a result of his refusal to use a condom. A third spot highlights the prerogative of young men to choose abstinence.

A 2001 impact survey of 13- to 19-year-old target audiences found that many decided to remain abstinent after seeing the campaign. The survey contradicted critics who say prevention messages may promote promiscuity: people who saw the messages were more likely to abstain than use condoms.

In Uganda, strong public support by President Yoweri Museveni and a grass-roots marketing campaign has helped change people's behavior: young people are putting off having sex for the first time and are reporting fewer partners before marriage. Adults are more likely to be faithful to their partners or to use condoms.

A key lesson for HIV prevention learned in Uganda is that all three messages need to be promoted simultaneously. ★

[www.usaid.gov](http://www.usaid.gov): keyword **AIDS**

## Transition Team Provides “Ministries in a Box”

Because the war in Iraq ended quickly and did not produce a major humanitarian crisis, USAID was able to rapidly field a fast-moving transition team to “demonstrate that life can get better,” said Fritz Weden, a former USAID official called back to assist the Iraq team.

Operating in the delicate period after emergency relief is assured but before long-term reconstruction has begun, the innovative staff of USAID’s Office of Transition Initiatives (OTI) began delivering “ministries in a box” to restart essential government services.

The goal, said Weden, was to rapidly improve some basic services and “find

hotspots and head off trouble” by responding quickly and working with military authorities.

Restoring normal life required repairing damage from looters who stole the wiring, computers, and furniture from ministry buildings before destroying what remained—including documents, windows, and doors.

When the Justice Ministry, the key to restoring public order, found its headquarters too damaged to fix immediately, OTI found a building to serve as a temporary replacement and delivered its ministry-in-a-box package—100 chairs, 100 desks, 40 computers, and other supplies.

Since Iraq traditionally has had a centrally

run government, local bureaus were paralyzed without central direction. “We hope to link 10 ministries with their regional counterparts next month,” said Weden.

Communications were the next challenge, since phone service was knocked out by the war.

In an interview soon after returning from Iraq, Weden said the USAID strategy in Iraq was to

- ◆ prevent violence and retribution
- ◆ restore water, electricity, and sanitation
- ◆ involve Iraqis in restoring public services
- ◆ provide information, phones, and news to Iraqis

◆ get people back to work

OTI also hired 16,000 Iraqis to clear garbage in Baghdad’s huge Shiite slum over 16 days, providing jobs and improving the sanitation situation. “This had an immediate impact,” Weden said.

The team also is working with Research Triangle International to set up town councils throughout Iraq.

In Umm Qasr, OTI organized quick grants to assist a town council, supply sports equipment to local youth, and set up communications links for a cybercafé.

OTI has been authorized to provide \$70 million to support efforts in Iraq through the end of FY 2004. ★



Thomas Hartwell, USAID

The heavily damaged Central Bank building in Baghdad received OTI’s “ministry in a box.”



Thomas Hartwell, USAID

These computers, in the basement of Iraq’s Central Bank, are part of a USAID-funded “ministry in a box” program to help get the ministry back to business. The building was looted during the war.



Joanne Giordano, USAID

An Iraqi engineer supervises the delivery of “ministries in a box.”

## Democracy in Iraq: Starting From Scratch

When USAID tried to help Iraqis create their first local advisory councils after decades under authoritarian rule, the Iraqis responded with outbursts and complaints.

Some demanded that the councils be given money and power to start projects in their neighborhoods—having advisory roles was not enough.

Others insisted the United States should pay first for a media campaign to explain to their neighbors that the councils are advisory and have little power “so that people won’t kill us if we fail to produce,” one man told Chris Milligan, deputy reconstruction coordinator for the Coalition Provisional Authority (CPA) based in Baghdad.

At one meeting, a man insisted he would run the council because he was the most important person in the neighborhood.

Other meetings erupted into shouting, dis-

cussions, and demands, but offered little in the way of the compromises that make such local councils work.

Milligan, a veteran of democracy building work in Indonesia and other countries, said he let people vent. It was the first time they had been able to criticize, plan, and defend ideas of their own without fearing that a Baath Party official might report them to police, who might imprison or kill them.

After an hour and a half of chaos at a meeting in one of Baghdad’s 87 neighborhoods, Milligan suggested that the group might not be ready to form an advisory council; he would go on to the next neighborhood to see if they wanted to form one.

“No, no! Don’t go!” they responded. “We are ready to form the council.”

Some went so far as to tell disruptive

people to be quiet, sit down, and cooperate.

In a process that is beginning to generate new, grassroots leaders, efforts to form advisory councils have started in 37 Baghdad neighborhoods. “Democracy is not just an election—it’s a continual interaction between elected officials and individuals on a daily basis that gives people a voice in decision-making,” Milligan said.

After the CPA set up an executive council of Iraqis to restore services, “we wanted a grassroots structure to get citizen input and designed the Baghdad City Advisory Council,” said Milligan. It is to be formed by representatives from the 87 neighborhood advisory councils.

U.S. military forces helped select people for the initial advisory council meetings, screening out Baath Party functionaries, except for low-level members who renounce the party.

The councils are, however, only a first step. “Iraq has a tremendous distance to travel before self-limiting, participatory government can emerge,” said James Clad of USAID’s Bureau for Policy and Program Coordination, who was detailed to Baghdad as a White House communications official. “These exercises mark the beginning of possibilities other than authoritarian governance; they don’t herald an overnight conversion to democratic norms.”

When divergent groups such as Shiites and Sunnis participate in the same meeting, the focus is kept on basic issues important to all, such as water or electricity.

These advisory councils provide a way for local citizens to voice their ideas and needs to city leaders, USAID, NGOs, and the U.S. military. ★

## Natsios Trip Aired on C-SPAN

Andrew Natsios stood on the hot, flat plains of southern Iraq's marsh areas quizzing local Arabs about security, water, Saddam Hussein, and their hopes for the future. This scene was captured in the first C-SPAN broadcast of the Administrator's visit to Iraq in June.

A C-SPAN crew accompanied Natsios during his six-day visit. They took dozens of hours of footage, which was edited into four shows, which first aired June 30 to July 3.

The Natsios team was shown rolling in a convoy across the desert of southern Iraq, signing contracts for reconstruction and relief projects, and interviewing Iraqis and aid workers.

In one telling moment, Natsios stood in a huge warehouse neatly stacked with thousands of cases of cooking oil marked "USA" and other cases marked "World Food Program."

A woman managing the warehouse reluctantly admitted that looting continued to be a problem. She worried about what would happen when British or other coalition troops withdraw from the region.

Natsios was shown cutting a ribbon opening Iraq's only deep-water port at Umm Qasr to commercial shipping.

There, too, the problems of looting were discussed on screen. USAID officers and contractors told Natsios there were problems of security at the port. Even when local Iraqis are hired to guard the food warehouses, the port, or other sites, looters from the same tribe who know them threaten the guards' families. The guards then stand aside and allow looters to enter.

The sole member of the Natsios team



Administrator Natsios is interviewed by C-SPAN during his visit to Iraq.

filmed wearing a sport jacket in the 125 degree heat was Deputy Assistant Administrator James R. Kunder of the Bureau for Asia and the Near East, who said that the trip helped make decisions on reconstruction projects.

"We are here for ground-truthing," Kunder told C-SPAN. By visiting Iraq, observing conditions, and speaking to Iraqis, Natsios and his aides are able to decide best on which projects to fund and which NGOs or U.N. agencies to call upon to carry out programs.

The team visited schools repaired through USAID-funded programs as well as the Basra pediatric hospital, spared from looting because the staff protected the facility.

The C-SPAN journalists also interviewed British troops in Basra, and, to get a sense of how the local people viewed the U.S. development work, they talked to Arabic-speaking Iraqi drivers and others.

Each night, C-SPAN focused on a different region visited by the Natsios team. All the broadcasts can be seen on the internet. ★ [www.cspan.org/iraq/iraq\\_rebuild.asp](http://www.cspan.org/iraq/iraq_rebuild.asp).

## Iraq Aid Plan

▲ FROM IRAQ AID PLAN ON PAGE 1

isolated and now we are back. We are part of this world and like to be part of democracy and respect for law and human rights."

Brown said many donor countries wanted to see greater political progress and "legitimate Iraqi institutions" coming back to life. The CPA was expected to continue to move toward giving Iraqis greater control over government affairs and preparing an estimated 2004 budget so that donors could make pledges.

While the problems of security in Iraq were raised by many at the conference, Deputy Mayor of Baghdad Faris Abdulrazzaq Alasam said that reconstruction should proceed without delay. "Fast and good is better than slow and perfect," he said.

U.S. Undersecretary of Defense Dov Zakheim told the conference that the United States seeks to work with other nations and world institutions in Iraq. "The only way to go forward in Iraq is to engage internationally," he said, citing a need for police from other countries to help restore security.

The United Nations has already received \$2 billion toward an appeal for Iraq; on June 23, it asked for \$259 million more.

U.S. reconstruction and humanitarian aid to Iraq by USAID and the State Department totaled \$822 million by June 30. Of that sum, about \$300 million went to reconstruction. The rest went to humanitarian relief, including food aid. ★ [www.usaid.gov](http://www.usaid.gov): keyword **iraq**

## Abuse Prevention Unit Created for Iraq

USAID has created and deployed to Iraq its first Abuse Prevention Unit (APU), aimed at defusing ethnic and other tensions and protecting people from vigilante and other violent acts.

Albert Cevallos is one of five abuse prevention officers (APOs) sent in shortly after fighting ended. He headed directly to the northern city of Kirkuk, where Kurds and Arabs were facing off over disputed houses, lands, and businesses.

Saddam expelled thousands of Kurds from the oil-rich city after crushing a 1991 uprising. In what is referred to as "Arabization," he encouraged thousands of Arabs to take over Kurdish homes and farms. Now that the Kurds want to return to their homelands, Arabs have no place to go.

The APU worked with U.S. military troops, civil affairs teams, and local Kurdish and Arab leaders to work out peaceful solutions.

In some cases, Arab farmers and the returning Kurds have agreed to split this year's harvest 50-50. But some Arabs were driven away to squatter's camps and ethnic Arab villages. Some Kurds came home to find communities leveled by Saddam's bulldozers.

Other APOs went to sites of mass graves. They offered small grants to enlist Iraqis in the careful exhuming of the dead so war crimes can be investigated and documented.

APOs have also helped document revenge

attacks on suspected Baath Party members and helped Iraqi human rights groups set up offices.

The APU was created by Administrator Natsios because he witnessed ethnic tensions explode during the humanitarian crisis in Iraq and Kuwait after the 1991 Gulf War. At the time, Natsios was a reserve civil affairs officer, interrupting a previous tour at USAID.

One of his colleagues—the humanitarian activist Fred Cuny, who disappeared in Chechnya in 1995—alerted relief groups to rising tensions and abuse against Palestinians in Kuwait accused of supporting Saddam Hussein. Cuny also worked to protect Kurds who were being expelled to Turkey and helped them return to Northern Iraq.

Since then, humanitarian groups have sought to include protection and abuse prevention in their work.

APU head Leah Warchick said, "This is the first time USAID has fielded any people with human rights or protection experience on the DARTS"—Disaster Assistance Relief Teams sent in as the spear point of U.S. relief efforts.

Cevallos said when he waded into the ethnic problems of northern Iraq, his first job was "trying to sort out who was who and where are they going."

U.S. military officers in the region said they expected as many as 200,000 Kurds to try to return—a potentially explosive situation.



An Iraqi looks at posters of missing persons at the recently established Association of Former Prisoners and Missing Persons in Baghdad.

Some Kurds had already returned to their former homes and expelled Arab residents.

U.S. troops, placed in the uncomfortable role of blocking people from their own properties, removed some of the returnees.

Cevallos said efforts are underway to open a property commission and set up a system for filing claims. However, he worries that many more families will move and seek to reclaim property when school ends in July. He's been feeding information on this issue to L. Paul "Jerry" Bremer, Administrator of the Coalition Provisional

Authority in Baghdad.

Abuse prevention officers are trying to preserve documents recovered from looted buildings that could clarify land disputes. They are considering media messages urging people not to seize former property without some form of judicial process.

Possible answers to the dilemma include sorting out legal rights, compensation for Arabs and Kurds, and programs for abuse victims.

"We need a policy," said Cevallos. ★ [www.usaid.gov](http://www.usaid.gov): keyword **Iraq mass graves**

## AFRICA

# Drip Irrigation Takes Root in Zimbabwe

**NYAMAZURA, Zimbabwe**—Standing amid lush green paprika plants, John Matsangura showed a visitor the results from the drip irrigation system he installed—one that no one in his town had ever seen or used before.

The drip kit he installed cost about \$30. It uses half the water of traditional irrigation, almost doubles yields, and produces better quality vegetables. Because water is applied directly to the root system rather than the entire garden, weeds are reduced and fertilizer is not wasted.

The father of six used the new technology to water his small home garden. Since he started farming in 1971, Matsangura, like smallholder farmers all over Zimbabwe, had always hauled water in buckets to irrigate his crops.

Zimbabwe is in the midst of a political crisis and drought. It is reeling economically from President Mugabe's controversial land reform schemes and agricultural policies that have caused agricultural output to drop 50 percent.

Unemployment and inflation are on the rise, and productivity has plunged because of HIV/AIDS. A 34 percent infection rate—the second highest in the world—has orphaned nearly a million children and created a generation of elders who are raising their grandchildren. More than half the population now needs food aid.



John Matsangura (in blue shirt), talks about his paprika crop during a field visit by U.S. Ambassador to Zimbabwe Joseph Sullivan (fifth from left, in dark glasses). Matsangura's new drip irrigation system is visible on the far left. Other people in the photo are, from left, project director Gladman Kundhlande, project program officer Humphreys Nyoka, USAID/Zimbabwe Director Paul Weisenfeld, and USAID Project Officer Tichaona Mushayandebvu.

In December 2002, USAID supplied Matsangura with a household garden drip kit.

"The drip-kit method of irrigating is simple, efficient, and effective. It has helped me to make the best use of land and water,"

he said. "It will help me grow high-value crops all year round and double my income."

In most parts of the country, water is the biggest constraint to small-scale agriculture.

In 2003, the project, with the support of the Office of U.S. Foreign Disaster Assistance, will distribute 20,000 drip kits through a network of local NGOs, such as Southern Alliance for Indigenous Resources. Poor farmers in drought-prone areas will be trained in the use of the new technology.

"The drip kit is labor saving; it substantially reduces the amount of time and labor devoted to the hand watering of plots. It's ideal for those suffering from AIDS," said Paul Weisenfeld, USAID/Zimbabwe Mission Director.

Using the drip technology, a family of five can grow enough vegetables for the entire year on a small plot. These vegetables supplement maize meal and indigenous vegetables, the staple diet of rural Zimbabweans.

By selling some of the vegetables, the family can earn enough income to buy a year's supply of maize meal, even at current black market prices.

"I am not stopping. After the paprika, I will plant tomatoes," said Matsangura. "This system does not require fuel. The drip is number one." ★

[www.usaid.gov](http://www.usaid.gov): keyword Zimbabwe

## LATIN AMERICA AND THE CARIBBEAN

# Microcredit Programs Foster Literacy and Help Thousands of Microbusinesses in Haiti

**PORT-AU-PRINCE, Haiti**—Magerit Dosen's biggest burden was not the load she carried to and from the market. It was that she could not read—a burden shared by 50 percent of Haitian women, according to the World Bank.

With her six children, Dosen lives in the

Rivye Sab region, on Haiti's southern peninsula. She buys cornmeal, fruits, and vegetables, and takes them to Port-au-Prince to sell. Then she buys shoes and other goods to take back home to sell.

Since she couldn't read numbers, she had to ask her clients to find their own shoe sizes.

Worst of all, she couldn't record the names of people who bought on credit.

Dosen received a loan from Fonkoze, a microcredit institution that offers training to its borrowers. One of her obligations was to take Fonkoze's literacy classes, free of charge, before she could get a second loan.

Dosen scored 100 percent on her final exam and got a second loan. Since then her business has grown, thanks to her new reading and bookkeeping skills and the credit she received.

Dosen is among 450,000 people—more than 6 percent of the country's population—who benefit from USAID microfinance programs in Haiti. Commercial banks, credit unions, village banks, and other lenders receiving USAID assistance lend from \$200 to \$3,000 each to more than 70,000 borrowers each year.

The program helped establish external audit standards and a credit information bureau on borrowers. It also launched a microfinance association, which promotes professionalism in microfinance and advocates for laws and regulations conducive to the expansion of the industry.

As a result of these efforts, the number of microentrepreneurs receiving credit

from USAID-assisted lenders has tripled since 2000.

By providing guarantees, USAID brought the Banque de l'Union Haitienne (BUH), the country's oldest private commercial bank, into the business of microlending in 1997. Within two years, the bank was offering small loans to Haiti's working poor in 14 sites, eight of them outside the capital city. Microcredit is one of BUH's major revenue and profit centers.

Two of Haiti's largest banks have followed suit and established microcredit programs with the support of other donors.

The multidonor Consultative Group to Assist the Poor praised USAID's microenterprise program in Haiti. It said the USAID program was successful because it provided support to a broad range of institutions and helped build the organizational capacity of banks.

After years of support, USAID stepped away from an unsuccessful microcredit effort in 1992. When Haiti's government agreed to float interest rates in 1995, USAID resumed a microcredit program—this time with much greater success. ★

Gabriel Verret, USAID/Haiti, contributed to this article.  
[www.usaid.gov](http://www.usaid.gov): keyword Haiti



Magerit Dosen is a client of Fonkoze, one of several microenterprise funds that USAID supported in Haiti. Dosen is one of 450,000 Haitians who has benefited from the Agency's microfinance programs.

## ASIA AND THE NEAR EAST

# Sri Lankan Student Learns Business Savvy

**COLOMBO, Sri Lanka**—Although Shiraz Thowfeek's father nearly went broke selling tires, Shiraz learned in high school how to turn the tire company into a thriving business.

U.S. support for high school business classes helped Thowfeek and thousands of other Sri Lankan students prepare to compete in the marketplace.

At one point after his father's five shops failed, Thowfeek could not even afford to ride the school bus and walked the three miles to school.

Six years later, Thowfeek, 22, sits behind his father's old desk and is the boss of General Automotives Trading Company. His father serves as his advisor.

Thowfeek credits much of his success to skills he acquired during his last two years at high school through the Young Entrepreneurs Sri Lanka (YESL) program, a USAID-funded affiliate of Junior Achievement International that runs 112 such programs worldwide.

The YESL program fosters "can do" attitudes, entrepreneurial savvy, and a solid understanding of modern business and marketing principles.

Since 1998, USAID has helped the program reach more than 20,000 students at 193 schools throughout the southern, central, and western regions.

YESL is popular among students because of its interactive teaching approach, use of information technology, and relevance to the world outside the classroom.

IBM Country Manager Kavan Ratnayake, who sponsors a program in his hometown, said the classes teach English-language competency as well as business skills.

Topics include teamwork, saving money, the roles of individuals and families in the economy, career opportunities, personal economics, enterprise in action, the international marketplace, the economics of staying in school, and job-hunting skills.

Students also establish and run small businesses themselves. They sell stock, elect officers, produce and market products and services, keep records, and conduct stockholder meetings. When the program is over, they liquidate their assets and usually return a profit.

When he was in high school, Thowfeek helped run "Big Fresh," subcontracting with local homemakers to provide buns, rolls, cake, and toffee for special events at the school and in the community. When the school cafeteria complained it was losing business, "the principal supported us," said Thowfeek. "He said, 'Give the students better stuff, and you'll have more business.'"

"Business is all about relationships, trust,



Michael DeSisti, USAID

*Shiraz Thowfeek learned how to run his father's tire business profitably with the help of the Young Entrepreneurs Sri Lanka program.*

and a good name," says Thowfeek. "If I treat my employees and customers well, I'll do good business. The bank is my partner. So are the income tax people. I'm frank with everybody. If I have a problem, we talk about

it. They appreciate that and try to help." ★

*By Micheal DeSisti, USAID/Sri Lanka.*

**www.usaid.gov: Keyword Sri Lanka**

## EUROPE AND EURASIA

# New Albanian Law Says Officials With Access to Public Funds Must Declare Their Assets

**TIRANA, Albania**—Senior officials lining their pockets with funds skimmed from public works projects; tax authorities taking bribes instead of prosecuting tax evasion; customs inspectors winking at smuggling in exchange for payoffs—these are common practices in Albania.

Although all Albanian public officials are required by law to declare their assets, few comply. None has been penalized. No data have been recorded and no software devised to regulate data entry and use. In sum, government revenues remain an inviting target for fraud and corruption.

But this is changing. On April 10, 2003, the Albanian Coalition Against Corruption (ACAC), assisted by a USAID grant to Management Systems International (MSI), helped convince Parliament to revise the Law on the Declaration of Assets by Public Officials.

For 18 months, the government resisted a new anticorruption law. "We do not need an expensive body to monitor us; we can do it ourselves," said one legislator. Another protested that they could not make assets public because "we risk having our children kidnapped and [ourselves] even being murdered."

ACAC's work began with a systematic analysis of the factors feeding corruption, including the lack of transparency in public officials' financial disclosures. Next, they

mounted a public awareness campaign, pressuring officials through the media and in face-to-face debates. They also lobbied Parliament vigorously.

"Seldom do the ruling party and the opposition agree on anything in Albania," says Eric Richardson, USAID/Albania democracy and governance officer. "This is an important step forward for USAID's anticorruption efforts."

"Organizations within ACAC felt strengthened to fight corruption with USAID behind them," said a coalition member.

Under the new law, all declarations will be public. The requirement to declare assets will apply only to officials who have access to public funds, and an independent enforcement body called the High Inspectorate will be created.

The challenge now will be for the government to crack down on corruption and prosecute those responsible for it.

Bardhi Kadilli, the deputy chief of party at MSI, said, "Two years ago no one was thinking the coalition would survive. Everyone was laughing at us." Now, however, he is anticipating within a year a system that promotes transparency and accountability to reduce the level of corruption in Albania's public finance. ★

**www.usaid.gov: keyword Albania**



*Kreshnik Spahiu of the Albanian Coalition Against Corruption was instrumental in the passage of a law requiring public officials to declare their financial assets.*

May 18–June 1, 2003

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Rudolph Thomas  
Anthony Vance  
Paul Weisenfeld

### RETIRED

Joanne Hale  
Mary Ann Micka  
Dianne Rawl  
Doral Watts

### REASSIGNMENTS

Jeffrey Bell  
Colombia to M/OP/OD  
Gordon Bertolin  
RS/Africa/PPD to AFR/WA

### IN MEMORIAM

**Rosabelle Elizabeth Wilson** died April 22, 2003, at home in Washington, D.C. Wilson joined USAID's predecessor agency and worked as an administrative officer for the Assistant Administrator in the Bureau for Africa. Wilson traveled to many African countries, including Mozambique, Kenya, and the Ivory Coast. When she retired from USAID in 1995, she had been a dedicated employee of the federal government for 40 years.

**Alice K. Helm**, 75, died June 22 at her home in Bethesda, Md. She joined USAID as an attorney in the Office of the General Counsel, after working in the Civil Division of the Department of Justice, and for the Department of Health, Education, and Welfare, the Department of Commerce, and the Office of the Deputy General Counsel at the Federal Election Commission. Helm retired from USAID in 1985.

Notices and reminders for "Where in the World..." should be submitted by e-mail to [frontlines@usaid.gov](mailto:frontlines@usaid.gov) or by mail to **Mary Felder**, USAID, Ronald Reagan Building, suite 6.10.20, Washington, D.C. 20523-6100, or by FAX to 202-216-3035.

### WHO'S READING WHAT?

FrontLines asked people at headquarters and in the field to recommend books they have read recently.

#### Chuck Aanenson

- *Embracing Defeat: Japan in the Wake of World War II*, by John W. Dower, Norton & New Press, 1999
- *The Wages of Guilt: Memories of War in Germany and Japan*, by Ian Buruma, Farrar, Straus, and Giroux, 1994

#### Glenn Anders

- *Charlie Wilson's War: The Extraordinary Story of the Largest Covert Operation in History*, by George Crile, Atlantic Monthly Press, 2003
- *Future of Freedom: Illiberal Democracy at Home and Abroad*, by Fareed Zakaria, W.W. Norton & Company, 2003

#### P.E. Balakrishnan

- *Globalization and its Discontents*, by Joseph E. Stiglitz, W.W. Norton & Company, 2003
- *Poems New and Collected 1957–1997*, by Wislawa Szymborska, Harcourt Brace & Company (English translation), 1998

#### Ben Barber

- *Inside al Qaeda, Global Network of Terror*, by Rohan Gunaratna, Berkley Pub Group, 2003
- *Asleep*, by Banana Yoshimoto, Grove Press, 2001
- *Bay of Souls*, Robert Stone, Houghton Mifflin, 2003

#### Ann Marie Bereschak

- *Emma's War: An Aid Worker, a Warlord, Radical Islam, and the Politics of Oil—A True Story of Love and Death in Sudan*, by Deborah Scroggins, Pantheon Books, 2002

#### Joseph A. Fredericks

- *The Wealth and Poverty of Nations: Why Some Are So Rich and Some So Poor*, by David S. Landes, W.W. Norton & Company, 1999
- *Africa: A Biography of the Continent*, by John Reader, Vintage Books, 1999
- *What Kind of Nation: Thomas Jefferson, John Marshall, and the Epic Struggle to Create a United States*, by James F. Simon, Simon & Schuster, 2002
- *The Good Life: Truths That Last in Times of Need*, by Peter J. Gomes, Harper San Francisco, 2002

#### Nicholas Jenks

- *The Future and its Enemies: The Growing Conflict over Creativity, Enterprise, and Progress* by Virginia Postrel, Free Press, 1998

#### Nadereh Lee

- *The God of Small Things*, by Arundati Roy, HarperCollins, 1998

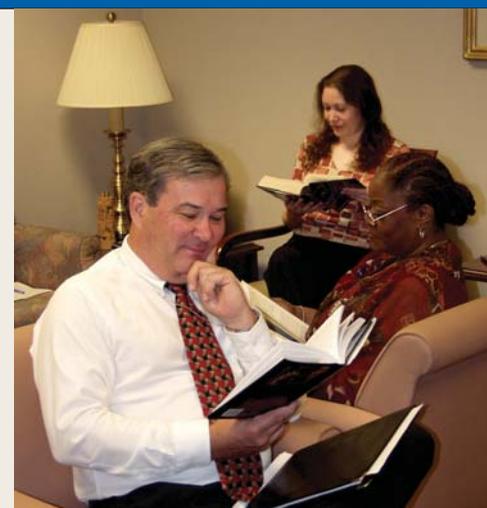
#### Rick Marshall

- *Alexander Hamilton: A Life*, by Willard Sterne Randall, HarperCollins, 2003
- *Lyndon Johnson: Master of the Senate* (third volume), by Robert Caro, Vintage Books, 2003

#### Andrew S. Natsios

- *The Marsh Arabs*, by Wilfred Thesiger, Dutton, 1964

Please send additional reading recommendations to FrontLines for publication in future editions.



## Agency Lobby Gets a Facelift

After seven years, the bleak USAID lobby facing 14th Street in Washington has gotten a literal facelift—dozens of faces of people from around the world who received U.S. foreign assistance have been raised on posters overlooking the entrance to headquarters in the Ronald Reagan Building.

Seven panels focus on the agency's expertise in seven priority areas: humanitarian assistance, education and training, conservation of natural resources, economic growth and trade, agriculture and the environment, democracy and governance, global health, and global partnerships.

The panels are attached to specially fabri-

cated wood and steel frames with the USAID seal prominently placed in the middle. "This was a branding effort for our lobby," said Jeffrey Grieco, Chief of Strategic Communications. "We had been in this building six years and until this time there were no signs to tell visitors where they were."

One of the panels honors former Secretary of State George C. Marshall, considered by many to be the father of the U.S. foreign aid program, with a quotation from a 1947 speech at Harvard University: "Our policy is directed not against any country or doctrine, but against hunger, poverty, desperation, and chaos." ★



Kathryn Stratos, USAID

# Perry and Hunt Among AFGE Leaders Elected

In a May mail-in election, incumbent Jeremiah Perry and Margaret Hunt won two-year terms as vice presidents of USAID's local chapter 1534 of the American Federation of Government Employees (AFGE). Perry and Hunt will represent USAID General Schedule (GS) employees whose jobs are subject to collective bargaining agreements.

Election issues included Circular A-76, which allows the federal government to contract functions that are not "inherently governmental" to the private sector. An administration proposal to reinterpret what is "inherently governmental" is currently under discussion with OMB, Congress, and the unions.

Perry said that A-76 "is a very hot and serious issue for every labor official in the federal government." Concern that it will lead to cuts in government jobs have prompted more USAID employees to join AFGE, he said.

Another AFGE priority will be training.

"The Human Capital Reform Report recommended more training and mentoring, which AFGE fully supports. We also will push for more professional training for GS employees. USAID's workforce is not keeping pace with trends related to their professions."

Perry hopes to strengthen the relationship between GS employees and USAID management, looking particularly at improving the shortcomings of the evalua-



Pat Adams, USAID

Group photo of the newly elected leaders of AFGE Local 1534.

From left to right: Pamela Holton, State Department; Moshe Cohen, State Department; John Anderegg, President; Calvin Kearns, Treasurer; Margaret Hunt, USAID; Willy Hardin, USAID; Mary C. Johnson, USAID; Jeremiah Perry, USAID; Sylvia Joyner, USAID; Steve Truly, State Department; and Rusty Husan, State Department. Not pictured is Michele Bridges, State Department.

tion process, which he says brings morale down without helping the Agency reach its goals.

Approximately 100 USAID civil service employees belong to the local AFGE chapter, which also includes members from State and

Overseas Private Investment Corporation. AFGE Local 1534 holds meetings quarterly, at either the State Department or USAID. The meetings are open to all employees, and are announced through the Agency's electronic mail notice system. ★

## AFGE Local 1534 Executive Board Members 2003-05

President	John Anderegg
Vice President	Willy Hardin
Secretary	Mary C. Johnson
Treasurer	Calvin Kearns
Chief Steward	Sylvia Joyner

## USAID

1st Vice President	Jeremiah Perry
2nd Vice President	Margaret Hunt

## Department of State

1st Vice President	Steve Truly
Vice President/Multimedia Services	Pamela Holton
Vice President/Professional Unit	Michele Bridges
FSI Vice President	Moshe Cohen

## Overseas Private Investment Cooperation (OPIC)

1st Vice President	James Gale
2nd Vice President	Ida Kingsberry

For more information on the Human Capital Reform Report, see *FrontLines*, May 2003, page 13.

# Drivers Trained to Thwart Terrorist Attacks

**RICHMOND, Va.** One car slammed into another car, straightened out, and screamed away from mock terrorists, as USAID drivers were trained in June to protect themselves and their passengers in the event of attack.

"You've got no more than three seconds to react and turn a situation around. So we simulate the noise and confusion of an attack to get the adrenaline going," said Michael Lessard, USAID Security Specialist.

In one simulation exercise of the antiterrorist driver training, Lessard shot paint balls at his student drivers while another trainer banged the sides of their Chevy Impala.

Agency drivers from Colombia, Israel, Russia, and a dozen other countries attended the five-day course in Richmond, Va., to learn offensive—not defensive—driving techniques.

Experienced drivers attended, especially those who drive armored vehicles in high-threat posts.

They were taught to know their surroundings—to recognize routes vulnerable to ambush or attack and map out alternate routes.

They learned how to spot signs that they are being followed or set up, and practiced how to counteract an attack or surprise maneuver—reversing and spinning around an unexpected road block, or braking to let an attacking car speed past.

Items are planted in the cars to test whether drivers will notice that their vehicles have been tampered with. Other real-life scenarios include identifying vehicles that are shadowing them on the highways of Richmond.

Lessard recommends that missions encourage drivers to apply what they've learned when they return from the class, such as identifying risky stretches of regular routes and pointing them out to other drivers.

Missions should keep rosters of drivers who have completed the class and give them the more sensitive assignments, he said.

"People don't always recognize just how willing our drivers are to put their lives on the line for us," said Lessard. "With the skills they've learned, they are capable of saving your life." ★



Michael Lessard

Dmitry Korotkov (USAID/Russia), Velibor Jovanovic (Serbia), and Darco Spaic (Macedonia) don helmets and buckle up for a simulated chase. Other trainees on the driving course were Oscar Valdez (Bolivia), Henry Correa (Colombia), Kiu Doung Dara (Cambodia), Ashok Tuladhar (Nepal), Sulhei Gadarki (Israel/West Bank Gaza), Tyrone Jones and Atherton Thomas (Jamaica), Vulnet Dulatahi (Macedonia), Arben Peti (Albania), Tomislav Vujec and Milan Rostohan (Croatia), Charles Mutale (Zambia), Bernard Gnonhoue Continuo and Cesar Varela (Honduras), and Roberto Steele (Panama).



Michael Lessard

A student driver practices reverse maneuvers during a simulated ambush. This was the second of three classes for USAID drivers offered in fiscal year 2003.



Michael Lessard

Course participants in the silver car are shooting paintballs and trying to knock the other car off the road.

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*Readers are encouraged to send in stories, feature articles, photos, nominations for "First Person" or "Mission of the Month" columns, and other ideas.*

*Letters to the editor, opinion pieces, obituaries, and requests to be added to the mailing list should be submitted by e-mail to [frontlines@usaid.gov](mailto:frontlines@usaid.gov); by fax to 202-216-3035, and by mail to Editor, *FrontLines*, USAID, Ronald Reagan Building, Suite 6.10, Washington, D.C. 20523-6100; tel. 202-712-4330.*

## TOP THAT SHOT



The children in this photograph were in a Hmong village in North Central Laos that I visited to do research for newspaper articles before I came to work at USAID. The villagers are poor and survive by farming on steep mountain slopes. Frequently they grow opium poppies, which the government is trying to suppress.

About 100,000 Hmong fled the communist takeover in 1975. After lengthy stays in Thai refugee camps, many wound up in the United States—mainly in Fresno, Calif., and St. Paul, Minn.

I went to Laos to find out what happened to the Hmong who remained behind. I found that they suffered from poverty, traditional discrimination by the ethnic Lao, postwar trauma, unexploded munitions, and the lack of medicine, education, and help in improving their agriculture.

The government was trying to persuade them to move to the lowlands where they would be easier to monitor—there have been periodic attacks on cars and buses by Hmong anticommunist fighters, some of them backed by Hmong exiles.

The move to the lowlands would also allow the government to supply health and education to the Hmong, eliminate opium production, end environmental damage from slash-and-burn farming, and open the way to logging and hydropower projects.

However, the Hmong resisted the move because it would completely change their way of life, which is tied to mountain farming.

USAID has budgeted \$2 million in 2003 for development assistance in Laos.

Ben Barber  
USAID

## U.S. Renews Aid Pledge at Bretton Woods

Secretary of State Colin L. Powell, USAID Administrator Natsios, and other officials reaffirmed the U.S. commitment to foreign aid at a June 12 conference, but urged poor countries to go beyond elections and install the rule of law to improve the lives of their people.

"We will still have our traditional aid programs," but increasingly aid will go to countries that invest in education, health, and free markets, Powell said at the annual meeting of the Bretton Woods Committee, which supports the World Bank, International Monetary Fund (IMF), and other global organizations.

"Ultimately, there isn't enough aid in the world we can give you to help you, if you don't help yourself by putting in place the right economic and political policies and infrastructure development policies that will attract trade.

"Those of us who are wealthy, those of us who are in the developed world, stand ready to assist you and to provide aid to you, but aid only as a means of jumpstarting your system, so that you then can attract trade," Powell concluded.

Natsios said that since the terrorist attacks

of Sept. 11, 2001, "the U.S. National Security Strategy has added a third leg—development," forming a triad with defense and diplomacy as the basis for defending U.S. interests in the world.

He noted that since trade has greatly surpassed foreign aid in recent years, USAID is helping countries such as Jordan get on a fast track to enter the world economy. The Agency is also opening missions in Yemen, Pakistan, Afghanistan, Thailand, and Iraq to support development and good governance in critical countries susceptible to terrorism.

World Bank President James Wolfensohn said leaders in poor countries need to be accountable, and that "people want judicial systems that protect rights and fight corruption."

The pressure for reforms is "a huge change," and it comes from local people rather than World Bank and other western officials, Wolfensohn said. But the West must help.

"The rich world said that if you [reform your judicial and financial systems and fight corruption] we will help with reforms, increase aid, and open our markets to trade," he said.

"Now we are right in the middle of seeing if it will work?"

Wolfensohn hailed the proposed \$5 billion-a-year Millennium Challenge Account, which will increase U.S. foreign aid to 15 or 20 poor countries that invest in their people. But he noted that another 125 countries will still need help from the World Bank, the IMF, and USAID.

"We cannot leave them behind," he said. Countries such as Brazil and Nigeria cannot be allowed to fail, he said, lest they drag down much of Latin America and Africa.

He said the World Bank has joined with USAID in "a big dialogue to try and persuade leaders" in countries where HIV/AIDS is spreading—especially India, Russia, and the Ukraine—to speak out forcefully about prevention.

The Bretton Woods Committee is a bipartisan, nonprofit group organized to increase public understanding of international financial and development issues and the role of the Bretton Woods institutions—the IMF, World Bank, and regional development banks—in the global economy.

Committee members are prominent Americans who believe the United States



Alan Larson, Undersecretary of State for Economic, Business, and Agricultural Affairs (right) and Shair Baz Hakemy, Afghan State Minister for the Private Sector, spoke at the Bretton Woods Committee June 12.

must maintain and strengthen its international economic leadership. Members include industry and financial leaders, renowned economists, university leaders, former government officials, and other opinion leaders. Thirty former cabinet members—including all living former Secretaries of the Treasury—are members of the Bretton Woods Committee.

The organization is named after the 1944 International Monetary Conference at Bretton Woods, N.H., where delegates of 44 nations established the World Bank and the IMF. ★

# Nobel Laureate Says Institutions, Rules Lag

Saying no theory of developmental economics is “worth a hoot,” Nobel Prize-winning economics professor Douglass North told a USAID group that three obstacles keep less developed societies back.

One difficulty at the heart of development is moving to specialization and a division of labor, North told a forum sponsored by the Bureau for Economic Growth, Agriculture and Trade.

Specialization is only effective if institutions exist to connect the specialists. A student from Bangladesh who becomes a Ph.D. chemist, for instance, may not be able to work effectively in his home country, but must move to a society where he is connected to other specialists who can support his work.

A second obstacle is moving from personal to impersonal economic transactions—from a few individuals who trust each other to large numbers who trust rules and institutions to protect their interests.

The third challenge is that there is no such thing as *laissez faire*: good governance is needed to prevent antisocial behavior. Any market that works well makes people and firms compete and requires sound legal and regulatory systems.

There is no such thing as reality, North said. We act and create rules based on our perceptions and beliefs. People don't make decisions based on a calculated cost-benefit analysis, as economists like to suggest, but based on their understanding of how the world around them works.

He said neoclassical economics, which works with supply and demand curves, is

“frictionless and static.” It assumes “markets work perfectly,” and it looks at one moment in time.

In real life, however, behavior isn't always rational or predictable. People are constantly adapting to new conditions. Meanwhile, institutions and rules lag and are slow to adapt.

North instead supports what is called “institutional economics,” which tries to understand how formal and informal rules—and enforcement of those rules—influences the economic behavior of individuals. It wrestles with people's perception of reality and values.

Central to new institutional economics, a field North reinvigorated, is understanding incentive systems and how people learn. In his remarks, he moved between economics, political science, and cognitive theory.

One lesson institutional economics offers people working at USAID, North said, is the importance of understanding the context of the countries in which one works—the history, politics, and culture—as much as one can.

When talking about the complexity of what institutional economics is trying to do, however, his advice to one USAID staffer was: “All you can do is change the formal rules. You can influence enforcement on the margins, but you can't change informal rules.”

Moving from the general to the specific, other scholars at the day-long panel applied new institutional economics to case studies on economic growth in Mexico and the Middle East (see box). ★

[www.usaid.gov](http://www.usaid.gov): keyword economic growth series



Chuck Patalive for USAID

Nobel Prize-winning economist Douglass North of Washington University addressed USAID officers at the seventh of a series of forums on the role of institutions in promoting economic growth. The goal of the forums is to develop practical applications of new institutional economics for use by USAID field missions to help design country strategies and activities.

## RIGID ECONOMY HOBBLING MIDDLE EAST, SCHOLAR SAYS

Timor Kuran told a USAID forum that the Middle East fell behind Europe during the industrial age because of strict inheritance rules and reliance on individual investors and informal partnerships, instead of banks and incorporated businesses. Kuran is an economist and Islamic studies professor at the University of Southern California.

He said Islamic rules gave two-thirds of an inheritance to a long list of relatives. Farmland was fragmented, businesses stayed small, and wealth could not be accumulated. Enterprises could not be handed down to the next generation unless they were endowed through the *waqf* system.

A *waqf*, an unincorporated trust, lets family heads name heirs to control family assets and protect them from state confiscation. Because trusts benefited a charitable cause and were sacred, rulers were reluctant to tax them. In this way, property stayed with a family, but large amounts of land and capital were locked up—literally for centuries—for rigidly defined uses. In some areas, half of all arable land was controlled by *waqfs*.

In the tenth century, the Middle East's lack of corporate structures, its arbitrary use of taxation, and its weak property rights were similar to Europe's. But while Europe developed, the Middle East's major economic institutions did not begin to change until the 19th century.

In the West, inheritance systems changed to include arrangements such as primogeniture, which let one son inherit all the land and allowed capital to accumulate. Family businesses grew large and achieved economies of scale. A monied class developed that provided a counterweight to government authority.

Meanwhile, in the Middle East, there was little protection from the arbitrary taxes of the ruler.

When economies elsewhere industrialized, the rigid arrangements governing *waqfs* made it harder for Middle Eastern economies to adapt and compete. Misuse of *waqf* property and the rigidity of the system ultimately discredited *waqfs* and allowed states to confiscate property.

Today, private institutions—both commercial and charitable—remain weak in the region, while states dominate politically and economically.



## Volunteers for Prosperity

▲FROM VOLUNTEERS ON PAGE 1

Peace Corps. It will not send people fresh out of college or grad school, and volunteers will not have to commit for two years, said USAID's Kenneth A. Lanza, who was detailed from USAID's Bureau for Europe and Eurasia to the White House to direct and manage the new program. Lanza will work under USA Freedom Corps Director John Bridgeland.

Because volunteers will be skilled specialists, they will be useful even for short and flexible periods, said Lanza. For example, a surgeon could perform operations and train his counterparts during a two- or three-week mission. And in just a few days, a banker might be able to give important direction to a central bank in a developing country.

The volunteers will be attached to NGOs or other development groups. Each group has its own rules, but most will pay airfare and per diems and provide orientation and training. It is unlikely the volunteers will receive pay or honoraria.

The first volunteers are going to Senegal at the end of July. They are part of the Digital Freedom Initiative, aimed at helping set up computer and internet systems for business and other purposes.

The first programs to use Volunteers for Prosperity are the six that carry out presidential foreign assistance initiatives: Emergency Plan for AIDS Relief, Water for the Poor, Digital Freedom Initiative, Trade for Africa Development and Enterprise, Middle East

Partnership Initiative, and the Millennium Challenge Account. All have significant USAID involvement.

Administrator Natsios sent an executive message to all USAID personnel asking all offices to include volunteers in initiative activities. “Highly skilled volunteers can bring new perspectives and insights to our work, making us more efficient at relatively low cost,” he said.

Lanza said: “I talked to the American Association of Engineering Societies, which has 1 million members and many of them want to volunteer. They have nuclear, electrical, civil, and other engineers who can help with water for the poor and other projects.”

The new volunteer system will allow a physician in Chicago who wants to volunteer for three months helping HIV/AIDS patients in Uganda to contact USA Freedom Corps or USAID to find a match with an organization that is working in Uganda, needs highly skilled volunteers, and has funding from an initiative such as the Emergency Plan for AIDS Relief.

Some of the organizations working to support the first six federally supported initiatives that can use volunteers overseas right now include Catholic Medical Mission Board, the Elizabeth Glaser Pediatric AIDS Foundation, and the International Executive Service Corps. ★

[www.usaid.gov](http://www.usaid.gov): keyword volunteers for prosperity

# U.S. Botanic Garden Displays Plants Used in Developing Countries for Food, Medicine

The U.S. Botanic Garden, a feast of flowers and fragrance in Washington, D.C. at the foot of Capitol Hill, is hosting an exhibit on the plants and people of the Appalachians, Himalayas, and Andes.

The exhibit shows the many uses that people in these regions make of the rich and diverse plant life that surrounds them.

The exhibit is part of the Plants, People, and Biodiversity Protection project run by the Mountain Institute, the National Gardening Association, and the College of Natural Resources at Virginia Polytechnic Institute. The two-year project is funded by a USAID development education grant.

The display of plants used in cooking, healing, building, dyeing, and other activities "fits in with theme of the permanent exhibit, which is how plants affect the lives of people," said Christine Flanagan, Public Program Manager of the Botanic Garden.

USAID's Development Education program was created in 1981 to increase public understanding of development issues in the United States. Its current focus is developing partnerships between U.S. nonprofits engaged in international development and U.S. domestic membership organizations. ★

[www.usbg.gov](http://www.usbg.gov)

## Native Plants as Medicine

For thousands of years, people worldwide have used plants medicinally. Indeed, about half of our modern medicines originated from plants. Many people living in developing countries, especially those in rural areas, still depend on local plants for many of their medical needs. Experienced healers in these communities use the surrounding flora as the equivalent of a modern-day pharmacy; at every turn there is a leaf, flower, or root that fights infections, clots blood, alleviates pain, soothes upset stomachs, or helps to restore health and vigor. Medicinal plants are gathered and processed into teas, tinctures, poultices, and other forms to treat ailments.

**HIMALAYAS**  
Tibetan, Ayurvedic, and Unani medicine are some of the traditional healing forms from this region. The use of medicinal plants reflects the long history of human interaction with the Himalayan ecosystem. Some of the earliest uses of medicinal plants in the Himalayas are documented in the Vedas, sacred Hindu texts from 4,500 years ago.

In the Mount Makalu region of eastern Nepal, more than 700 medicinal plants are harvested. The most important of these is *Chiraito* (*Swertia chirata*), which is harvested in remote forests and carried on porter's backs for hundreds of miles to Indian pharmaceutical buyers in the south. Chiraito is important largely because of its efficacy in treating human intestinal parasites in a region where roundworm is epidemic. Village forest management groups are experimenting with the cultivation of this valuable herb as wild stocks decline due to over-harvesting.

**APPALACHIANS**  
Knowledge of medicinal plants in North America has its roots in numerous Native American tribes. In fact, more than 200 wild medicinal plants and formulas were passed on to early settlers, with many of these still listed as official drugs in the *United States Pharmacopoeia*.

American ginseng (*Panax quinquefolium*) grows wild in the Appalachians and is famous for its re-energizing qualities. The harvesting of ginseng, known locally as "sang", began 300 years ago when a Jesuit monk in Canada learned of the plant's high value in China, and began exporting the roots. George Washington reported seeing entire male trains loaded with the roots, and Daniel Boone hired Native Americans to pick ginseng to fund his campaign for Congress. Today's primary market for ginseng is still in Asia, where it is revered for its capacity to stimulate physical and mental activity, and as an aphrodisiac.

**ANDES**  
Although biodiversity in the Andes has resulted in an abundance of plants with pharmaceutical value, most of these folk medicines have not achieved wide global recognition. Two notable exceptions are quinine, a malaria remedy from the quina (*Cinchona officinalis*) tree and cocaine from the coca (*Erythroxylum coca*) leaf. One medicinal plant that is gaining global popularity is Maca (*Lepidium meyenii*), a pre-Columbian crop that is grown at high altitude (about 3,500 meters/11,500 feet). This plant, rich in protein, vitamins, and minerals and vitamins is used primarily to restore energy and has been called "nature's answer to Viagra." Maca has also been recognized as a good source of nutrients for strengthening bones and teeth.

## People of the Appalachians, Himalayas, and Andes

Mountains and the people that inhabit them are threatened worldwide. Air and water pollution, natural resource exploitation, human population growth, climate change, and war are some of the forces that threaten the survival of natural and human communities in mountainous areas.

**THE APPALACHIANS** span the eastern coast of North America. Geologically ancient at 470 million years, they are the world's oldest mountain range. Although once rivaling the Himalayas in elevation, time has worn the rugged peaks into massive groundswells reaching only 6,684 ft. (2,038 meters). More than 130 plants indigenous to the Appalachians are used as dietary or medicinal supplements.

**THE HIMALAYAS** in Asia, on the other hand, are geologically young (only 60 million years) and home to the world's tallest mountains, including Mount Everest at 29,035 ft. (8,850 meters) above sea level. Although relatively unstudied, 172 plants "useful to people" have already been catalogued for Nepal's Langtang National Park alone.

**THE ANDES**, the longest mountain system in the world, spans 4500 miles (7,250 kilometers), the length of the South American continent. They are also high and relatively young, reaching 22,840 ft. (6962 meters) in elevation. Many food plants, including potatoes, were domesticated in the Andes, and families there grow more than 4,000 different varieties!

Preserving mountains includes protecting the rights of mountain people. Vital is the documentation and conservation of hundreds of native plants that traditionally have provided mountain people with food, medicine, and the resources to make clothing, shelter, tools, and other products. Domestic and international programs that promote sustainable forestry, alternative income generation, niche market food production, new medicinal discoveries, and ecotourism are being launched as a way to preserve both biodiversity and human cultural diversity.

*Rai woman harvesting bamboo in eastern Nepal. Bamboo has more than 60 documented uses.*

*Plants, People, and Biodiversity of the Mountain Institute, the National Gardening Association, and the College of Natural Resources at Virginia Tech. Through the study of native plants in the world's oldest, tallest, and longest mountain ranges, project partners strive to increase global awareness of the shared importance and usefulness of native plants to millions of people worldwide as sources of food, medicine, and fiber.*

Two of the six panels currently displayed at the U.S. Botanic Garden.

# Songs, Food, and the Arts of Mali Come to Washington Mall's Annual Folklife Festival

The rhythmic whacking of gourds and twanging of gut strings accompanied the President of Mali as he walked among the many Malian craft booths at the 37th annual Smithsonian Folklife Festival on the Mall in Washington, D.C.

Singers, dancers, musicians, officials, and tourists followed Amadou Toumani Touré as he entered each booth to speak to weavers, cooks, and other craftsmen brought to Washington with the support of USAID, the Mali government, the World Bank, the Peace Corps, and private sector donors.

One woman wearing traditional clothing who sang for the president told him she was 70 years old.

A man wearing the white turban and blue robes of the Touareg ethnic group served the president and his entourage sweet mint tea in traditional small glasses.

The Mali exhibit, along with exhibits on Scotland and Appalachia, was expected to draw hundreds of thousands of visitors June 25-29 and July 2-6.

Malian builders constructed a brick,

arched Timbuktu-style house before the festival opened. Other displays included preparations for Malian holidays and weddings, pounding millet into flour, tying turbans, dyeing cloth, weaving wool, and games and dances.

The festival brought to the Mall female singer Oumou Sangaré and Ali Farka Touré, Mali's world famous singer and musician, who won a Grammy in 1994.

A Malian film festival was shown in the Smithsonian's Museum of Natural History.

President Touré met with Peace Corps volunteers and officials during his visit to Washington. His country of 11 million has 180 volunteers, the largest contingent in Africa.

Tragically, many enslaved Malians came to the United States in the 18th and early 19th centuries. They brought with them knowledge of textiles, rice cultivation, and cooking. At the festival, they again brought those arts to America, but this time as honored guests. ★

[www.folklife.si.edu](http://www.folklife.si.edu)



Malians prepare to take part in the 2003 Smithsonian Folklife Festival on the Washington Mall.

Stephanie Barber for USAID